

## **BACKGROUND OF THE DISPUTE RESOLUTION PROGRAM**

The Medicaid Drug Rebate Program, enacted into law in 1990, brought with it both rewards and challenges. For states and the Federal government it brought the reward of rebates on drugs purchased on behalf of Medicaid beneficiaries. For manufacturers, it brought the reward of more Medicaid coverage of their drugs. For Medicaid beneficiaries, it brought greater access to needed prescribed drugs.

The major challenge of the program has been operationalizing a system to enable states and manufacturers to come into accord on the data supporting states' claims for rebates from manufacturers. The Centers for Medicare and Medicaid Services made the decision in 1994 to develop a voluntary process for resolving disputes between states and manufacturers over drug rebates. With the establishment of this web page we plan to offer you best practices for working through the resolution of disputes under the Medicaid Drug Rebate Program. Best practices and frequently asked questions and answers will be posted to this site in the near future.

Since 1994, we have expanded our dispute resolution efforts to the point where the Dispute Resolution Program (DRP) has been utilized by virtually every state and over 100 manufacturers. As of September 2002, the DRP has resulted in the resolution of over \$1 Billion in formerly disputed rebates. States and manufacturers have described the DRP as a mutually beneficial and cost saving process. In addition, the United States Department of Health and Human Services has cited the DRP as one of the Federal government's most successful program applications of alternative dispute resolution and a model for other agencies to emulate. The DRP was selected by the John F. Kennedy School of Government as a national winner of the prestigious Ford Foundation Innovations in Government Award.